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IN THE
Supreme Court of the United States
OCTOBER TERM, 1995

SGS-THOMSON MICROELECTRONICS, INC.,
Cross-Petitioner,

v.

INTERNATIONAL RECTIFIER CORPORATION,
Cross-Respondent.

On Cross-Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

CROSS-PETITIONER'S REPLY TO INTERNATIONAL RECTIFIER'S BRIEF IN OPPOSITION TO CROSS-PETITION

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In its Cross-Petition, SGS-Thomson Microelectronics Inc. ("ST") argued that, should the Court grant certiorari on International Rectifier Corporation's ("IR's") Petition (No. 95-143) to consider the Seventh Amendment right to trial by jury in cases in which a party is seeking declaratory judgments of patent invalidity and

[1] The Rule 29.1 Statement appears at p. ii of the Cross-Petition.

noninfringement, the Court also should consider the issue (raised by the Cross-Petition) of the Seventh Amendment right to trial by jury where a party seeks a declaratory judgment that a patent is unenforceable due to inequitable conduct by the patentee.

IR's Opposition to the Cross-Petition presents no reason to deny the Cross-Petition should the Petition be granted. IR's Opposition completely elides the fact that ST's Cross-Petition is conditional, and therefore can be granted only if IR's Petition is granted. IR also simply ignores ST's principal argument that, if the Petition is granted, the Cross-Petition should be granted because the issues in the Petition and Cross-Petition are inextricably intertwined as a matter of substantive patent law and practice and as a matter of historical inquiry under the Seventh Amendment. Moreover, the two arguments that IR does make—(1) that the Federal Circuit (but no other appellate court) in several cases has stated that there is no jury trial right in actions seeking declarations of patent unenforceability due to inequitable conduct and (2) that the remedy ST seeks is not equitable—wholly fail to justify denying the conditional Cross-Petition.

1. The Cross-Petition demonstrated that the issues of invalidity and unenforceability are intertwined as a matter of patent law. A patent is unenforceable due to inequitable conduct where the patent applicant intentionally withheld from the patent office information material to whether the patent should have been granted—such as material prior art references. This question is of course related to the question whether the patent is valid—*i.e.*, whether it should have issued under the patent laws. *See* Cross-Petition, pp. 5-6. Similarly, the historical inquiries are related. Under the Seventh Amendment, the first inquiry is into historical practice, and the 18th-Century English patent practices governing invalidity and unenforceability actions were the same. *Id.*, pp. 6-7.

Thus, IR's contention that the Cross-Petition is not "certworthy" under this Court's rules is, in addition to being flatly wrong, simply not responsive: ST contends that the Petition in No. 95-143 should not be granted, but *if it were*, this Court should also grant the Cross-Petition because it raises a related important question (and because the Federal Circuit's decision on the issue was so clearly error). In all events, the Cross-Petition independently raises an "important question of federal law which should . . . be settled by this Court." S. Ct. R. 10.1(c). The scope of the right to trial by jury in patent cases has recently been the subject of three significant decisions of the Federal Circuit (two *in banc*). *See In re Lockwood*, 50 F.3d 966 (Fed. Cir.), *cert. granted*, 115 S. Ct. 2274, *vacated*, —— S. Ct. —— (U.S. Sept. 1, 1995) (right to jury trial in action seeking declaratory judgment of patent invalidity); *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir.) (in banc), *cert. granted*, ——S. Ct. —— (U.S. Sept. 27, 1995) (right to jury trial on issue of claim construction present in damages action); *Hilton Davis Chemical Co v. Warner-Jenkinson Co.*, 62 F.3d 1512 (Fed. Cir. 1995) (in banc) (right to jury trial on issue of prosecution history estoppel). This Court has granted *certiorari* in one case presenting Seventh Amendment issues nearly identical to those presented by the Cross-Petition (*Lockwood*) and in one case presenting somewhat analogous issues (*Markman*[2]).

2. IR's contention that the Cross-Petition should be denied because the Federal Circuit has never questioned its prior holdings that found no jury trial right in actions

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[2] The Question Presented in *Markman* is: "In patent infringement actions for damages, is there a right to jury trial under Seventh Amendment of genuine factual disputes about meaning of patent?" Thus, *Markman* does not directly address the question presented in the Petition or Cross-Petition: whether there is a right to jury trial on issues of invalidity and unenforceability where the party asserting invalidity or unenforceability proceeds by way of a declaratory judgment action.

presenting claims of unenforceability is both insubstantial and incorrect. IR is correct that it has been the consistent holding of the Federal Circuit since 1987 that parties are not entitled to a trial by jury on issues of inequitable conduct. *See General Electro Music Corp. v. Samick Music Corp.*, 19 F.3d 1405, 1408 (Fed. Cir. 1994); *Paragon Podiatry Lab. Inc. v. KLM Labs. Inc.*, 984 F.2d 1182, 1190 (Fed. Cir. 1993); *Wahpeton Canvas Co. v. Frontier, Inc.*, 870 F.2d 1546, 1548 n.1 (Fed. Cir. 1989); *Solarex Corp. v. Arco Solar Inc.*, 870 F.2d 642, 644 n.2 (Fed. Cir. 1989); *Gardco Mfg., Inc. v. Herst-Lighting Co.*, 820 F.2d 1209, 1212 (Fed. Cir. 1987). But in none of these decisions (hardly a "long" line of cases, Opp., p. 3) did the Federal Circuit analyze, as the Seventh Amendment requires, the historical antecedent for a claim of inequitable conduct, other than to assert that inequitable conduct was derived from the doctrine of unclean hands, which the Federal Circuit extrapolated into its rule that inequitable conduct is a "solely equitable" issue.

Gardco was the first case in the line, and that court's discussion of the Seventh Amendment question was cursory in the extreme. In fact, in *Gardco,* the Federal Circuit simply cited *Precision Instrument Manuf. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806 (1945), for the proposition that " 'inequitable conduct' is derived from unclean hands and is purely equitable in nature." *Gardco,* 820 F.2d at 1212. But *Precision Instrument* stands for no such proposition: that case held only that the inequitable conduct of a patentee is a form of unclean hands which can give a court of equity the power to *deny* a patentee's request for an injunction. *See* 324 U.S. at 814-15, 819. In *Precision Instruments,* the party asserting inequitable conduct had not asserted that claim through a declaratory judgment action, and there was no consideration of the right to jury trial. Moreover, in *Gardco,* the party seeking the jury trial did not assert (as ST does here) that there was an independent jury

trial right in an action for a declaration of unenforceability, and the issue therefore was not squarely before the Federal Circuit in that case. *See* 820 F.2d at 1213 ("Peerless does not challenge Gardo's statement that the defense of inequitable conduct is purely equitable"). Instead, the plaintiff in *Gardco* had asserted that a jury trial right attached to its infringement claim and that it therefore had a right to a jury trial on unenforceability. The Federal Circuit stated that the trial court could, without invading the jury's province, rule on the unenforceability question independently. Despite the extremely limited scope of *Gardco*, however, no Federal Circuit case since has reexamined the question.

Further, IR's statement that "ST offers no controlling precedent that is inconsistent with these decisions" (Opp., p. 4), is a carefully worded obfuscation, made possible only because this Court has recently vacated the Federal Circuit's decision in *Lockwood*. For the Federal Circuit itself in that case, when it discussed the clear (not "abstruse," Opp., p. 4) historical antecedent for declaratory actions in patent cases—the English writ of *scire facias*—stated that "[t]he contemporary analog of the writ [of *scire facias*] is thus an action for a declaration of unenforceability." *Lockwood*, 50 F.3d at 974 n.9. As explained in the Cross-Petition (pp. 8-14), the practice in England at the time of the adoption of the Seventh Amendment was clear: where there were disputed issues of fact, a party seeking to have a patent declared invalid or unenforceable tried its case to a jury.

3. IR's final argument, that analysis of the "remedy sought" is all that is required and that such an analysis demonstrates that there can be no jury trial right in actions for declaratory judgments of unenforceability, similarly misses the clear import of the historical evidence ST marshalled in the Cross-Petition. IR argues that the only cases in which this Court has previously recognized a Seventh Amendment right to a trial by jury are cases

in which the remedy sought was "monetary relief or the return of property" and that, therefore, there can be no jury trial right here. That is wrong for (at least) three reasons.

First, a patent is a property right—albeit an intangible property right—and an action for a declaratory judgment of unenforceability seeks to "eject" the patentee from that right. *Compare Pernell v. Southall Realty*, 416 U.S. 363, 370 (1974) (action for ejectment is "at law triable to a jury").

Second, this Court has recognized jury trial rights where the remedy sought has been other than monetary damages or the return of property. In *Tull v. United States*, 481 U.S. 412 (1987), this Court recognized a right to trial by jury on questions of liability under the Clean Water Act (*id.* at 422) where the remedies sought were civil penalties and an injunction, and despite the fact that the Court found that Congress did (and could permissibly) take away from the jury the right to determine the *amount* of the civil penalty (*id.* at 425-27).

Third, neither this Court nor any other court has ever held that a Seventh Amendment right to a jury trial can exist *only* where the relief sought is damages or the return of property. Thus, even if a declaration of patent unenforceability is a *sui generis* remedy, the historical inquiry based on the writ of *scire facias* so clearly demonstrates that in 1791 there was a right to trial by jury where a person sought to have a patent declared unenforceable that the Seventh Amendment—which by its literal terms "preserves" the right to trial by jury "at common law"—right must be recognized. The statements upon which IR relies that downplay the importance of the historical inquiry (Opp., p. 4) are not applicable here, where the historical antecedent is so clear. *See* Cross-Petition, pp. 7-9 & n.1.

In this regard, IR commits its familiar error of focusing on the nature of the relief *it* seeks (Opp., p. 5) instead of on the nature of the relief sought by ST's declar-

atory action. Although IR has abandoned its earlier frivolous argument that declaratory judgment actions can only be equitable actions (*compare* Pet., No. 95-143, p. 19, *with Reply*, No. 95-143, p. 5 *and* Opp., No. 95-321, p. 5), IR now attempts to assert that under *Simler v. Conner*, 372 U.S. 221, 223 (1963), the essential controversy between the parties here is not altered because ST is pursuing a declaratory action (as opposed to asserting an affirmative defense) based upon IR's inequitable conduct. But that argument is squarely foreclosed by *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 113 S. Ct. 1967, 1975 (1993): "A party seeking a declaratory judgment of invalidity presents a claim *independent* of the patentee's charge of infringement" (emphasis added).

CONCLUSION

For the foregoing reasons, should this Court grant certiorari in No. 95-143, it should grant this Cross-Petition as well.

Respectfully submitted,

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